

Fact Sheet

CORPORATE GOVERNANCE

California Public Employees' Retirement System • 400 P Street • Sacramento, California 95814

CalPERS 2003 Focus List At-A-Glance

Gemstar-TV Guide International, Inc. (GMSTE) -- Pasadena, California

CalPERS Holding: 1.6 million shares

Gemstar Shareowner Concerns: Despite increasing revenues, operating and profit margins have plummeted resulting in seven consecutive quarters of negative net income. The Company's stock has significantly underperformed comparable indexes for the last 1,3,& 5 years ended 12/31/02. Gemstar faces a string of strategic issues, including several patent litigation cases, a looming delisting from NASDAQ, and the downgrade of its bond rating. From fiscal year 1998 to 2001, Gemstar's EVA declined by approximately \$984 million.

Governance Concerns: Classified board that is only 17% independent and no Nominating Committee. The prior CEO is the current Chairman. Business relationships exists between the Company and two of its major shareholders News Corp. and Liberty Media. In 2002, the CEO and CFO stepped down and agreed to severance packages totaling \$22 million for the ex-CEO, and \$7 million for the ex-CFO. In addition, both prior executives retained their Board seats, and together, the executives will swap a total of about 20 million stock options for some 8 million restricted shares and 9 million new options.

What CalPERS Requested:

- Conduct a formal governance review using an independent external consultant.
- Make a formal commitment to maintain a majority of independent directors.
- Adopt CalPERS definition of an independent director.
- Commit to 100% independent directors on the Audit, Compensation and Nominating Committees.
- Adopt a formal board/self-evaluation process.
- Add at least one new independent director.
- Develop and seek shareholder approval for a formal executive compensation policy.

What GemStar Agreed to:

- Adopted NASDAQ definition of independence.

JDS Uniphase Corp. (JDSU) -- San Jose, California

CalPERS Holding: 5.1 million shares

JDS Shareowner Concerns: JDSU scored the worst out of the companies CalPERS screened in terms of economic value added (EVA) – a direct result of the Company's acquisition strategy during the late 1990's internet boom. Stock performance ranks below its peers for the last 1 & 3 years ended 12/31/02. From fiscal year 1999 to 2002, its EVA declined by about \$11.5 billion.

Governance Concerns: While much of the current Board structure meets CalPERS core governance principles, the acquisition strategy and capital management give concern about the oversight and vision at the Board level.

What CalPERS Requested:

- Conduct a formal governance review using an independent external consultant.
- Make a formal commitment to maintain a majority of independent directors.
- Conduct Board needs assessment and add members with appropriate skill sets.
- Adopt CalPERS definition of an independent director.
- Develop and seek shareholder approval for a formal executive compensation policy.
- Seek shareholder approval to declassify Board.
- Seek shareholder approval to maintain the Company's poison pill.
- Eliminate the co-Chairman structure and commit to maintain separate roles of Chairman and CEO.

What JDS Agreed to:

- Will adopt definition of independence upon final publication of all relevant Sarbanes–Oxley rules and NASDAQ governance requirements.
- Has established an independent executive compensation approval process; disagrees that shareholder approval is necessary.

Manugistics Group, Inc. (MANU) – Rockville, Maryland

CalPERS Holding: 299,500 shares

Manugistics Shareowner Concerns: Significant stock underperformance over the last 1,3 & 5 years relative to peers ended 12/31/02.

Governance Concerns: Lack of separation between the Chairman and CEO and no lead director has left the nine-member board with clear issues of independence. The Nominating Committee is less than 100% independent. Three of the nine board members have affiliated relationships with the Company.

What CalPERS Requested:

- Conduct a formal governance review using an independent external consultant.
- Make a formal commitment to maintain a majority of independent directors.

- Adopt CalPERS definition of an independent director.
- Maintain 100% independent directors on the Audit, Compensation and Nominating Committees.
- Hold executive session where independent directors meet alone at each board meeting.
- Separate Chairman and CEO.
- Adopt a formal board/self-evaluation process.
- Review director compensation considering mix of cash and equity based components.
- Seek shareholder approval for executive compensation policy.

What Manugistics Agreed to:

- CalPERS awaiting response.

Midway Games, Inc. (MWY) -- Chicago, Illinois

CalPERS Holding: 607,874 shares

Midway Shareowner Concerns: Significant stock underperformance for last 1,3 & 5 years relative to peers ended 12/31/02. Management has not been able to capitalize on the rapid growth of the entertainment software industry because of inadequate execution of its business plan. The inability to capitalize on the Company's historical success in the arcade game marketplace coupled with accusations of reoccurring delays in product introductions and lack of capital allocation toward product development has resulted in a decline in market share.

Governance Concerns: Board lacks separation of CEO and Chairman and has no lead independent director. Only 27% of the 11-member Board are independent members. All three key committees are significantly less than 100% independent highlighted by a complete lack of independence on the Nominating Committee.

What CalPERS Requested:

- Add two new independent directors.
- Conduct a formal governance review using an independent external consultant.
- Make a formal commitment to maintain a majority of independent directors.
- Adopt CalPERS definition of an independent director.
- Make a formal commitment to maintain 100% independent directors on the Audit, Compensation and Nominating Committees.
- Develop and seek shareholder approval for a formal executive compensation policy.
- Adopt board/self-evaluation process.
- Separate the roles of Chairman and CEO.
- Adopt formal equity ownership guidelines emphasizing direct equity ownership by directors and officers.

What Midway Agreed to:

- Company has not agreed to our requests to date.

Parametric Technology (PMTCT) – Needham, Massachusetts

CalPERS Holding: 985,484 shares

Parametric Shareowner Concerns: Stock has underperformed for the last 1,3 & 5 years relative to peers ended 12/31/02. In 2001, additional options were granted to directors in recognition for extensive work completed (3 directors received 100,000 options, 1 director received 125,000 options, and 1 director received 150,000), while Parametric's stock declined by 41.88%.

Governance Concerns:

- Six Member classified Board.
- Questionable distribution of excessive options to directors in 2001.

Note: Since notification by CalPERS in October 2002, Parametric has yet to meet with the pension fund.

Xerox Corporation (XRX) -- Stamford, Connecticut

CalPERS Holding: 3 million shares

Xerox Shareowner Concerns: Xerox is one of the most ineffective boards. The company has been fined by the SEC and forced to restate earnings from 1997 through 2000, and its Board has also been publicly accused of faulty financial manipulation by its own former employees. From fiscal year 1998 to 2001, Xerox's EVA declined by over \$1 Billion.

Governance Concerns: Current Board consists of the same members that oversaw Xerox during a significant accounting scandal and strategic missteps. Nominating committee is less than 100% independent.

What CalPERS Requested:

- Add three new independent directors.
- Consider eliminating Executive Committee.
- Adopt CalPERS definition of an independent director.
- Maintain 100% independent directors on the Audit, Compensation and Nominating Committees.
- Split Chairman and CEO.
- Adopt board evaluation process.
- Develop and seek shareholder approval for executive compensation policy.

What Xerox Agreed to:

- Adopted new charter to provide for 100% key committee independence based on NYSE definition.
- Adopted new committee charters to provide for annual self-assessment of Board and committee performance.
- Added one new independent director.